

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re:

Chapter 11

D.A.B. GROUP LLC,

14-12057-SCC

Debtor.

-----X

**DECLARATION OF JAMES P. NELSON
IN SUPPORT OF APPROVAL OF SALE**

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

James P. Nelson declares the following under penalties of perjury pursuant to 28
U.S.C. Section 1746:

1. I am a licensed real estate broker and a partner with Massey Knakal Realty Services ("Massey Knakal"), the commercial real estate brokerage firm that was retained pursuant to Order dated October 15, 2014 to act as the Debtor's exclusive real estate broker to procure a potential buyer and stalking-horse contract for the real property at 139-141 Orchard Street, New York, NY (Block 415, Lots 66 and 67) (hereinafter, the "DAB Property").

2. In accordance with the terms of our engagement letter agreement, we conducted an extensive marketing program for the Property, including, but not limited to: 500+ direct phone calls to potential buyers, numerous digital and physical advertisements in relevant trade publications including The New York Times, physical mailings to a large pool of potential buyers and local property owners, and multiple outreaches to our company-wide database of 10,000+ prospects and 10,000+ brokers.

3. As a result of these efforts, we fielded inquiries from dozens of buyers, and ultimately secured over 92 confidentiality forms requesting information. In addition, we conducted 17 property inspections and received over 13,000 website views.

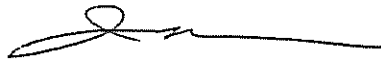
4. After Arcade Orchard Street LLC executed a "stalking horse contract", and this Court approved bidding procedures for a potential auction, we continued our efforts, including establishing an "information room" on the Internet at www.dropbox.com/sh/zpvw4kipkih76dv/AAA1izNkoaGLfLMwRBG7FdoOa?dl=0 containing numerous documents to assist prospective bidders in performing their due diligence. A copy of the main page of the website is annexed hereto as Exhibit "A".

5. We also placed advertisements in the New York Times and the Wall Street Journal, copies of which are annexed hereto as Exhibit "B".

6. Every week with provided the Debtor and its counsel with a detailed status report on the results of our efforts. A copy of the most recent report dated 1-30-15 is annexed hereto as Exhibit "C".

7. Although ultimately no counteroffers to the Arcade stalking horse bid were received, we are confident that all reasonable steps were taken to market the Property, and that the sale price of \$33 million reflects a fair and reasonable price for this Property.

Dated: New York, NY
February 9, 2015



James P. Nelson

EXHIBIT A

Dropbox > Orchard Street Hotel

Matt Nikerson

Upgrade account

Search

Name

Kind

Modified

Appraisal 2010



folder

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BSA



folder

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DOB Permits



folder

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Drawings - Current



folder

--

Drawings - NB Permit



folder

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Misc



folder

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Title Reports



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139-141 Orchard Court Order.pdf



document

11/4/2014 6:39 AM

Offering Memorandum.pdf



document

11/4/2014 12:02 PM

PSA Orchard Draft.doc



document

1/28/2015 9:58 AM

EXHIBIT B

LES 139-141 Orchard Street
COURT-ORDERED
AUCTION

FEBRUARY 4TH, 2015
139-141 Orchard Street, partially complete hotel development on the LES.

16 story hotel was originally envisioned as a 96-key boutique development, with significant food & beverage operations.

Bid packages must be submitted no later than January 30th at 12:00 noon.

To receive additional details, please contact Matt Nickerson: 212-660-7742
matt.nickerson@cushwake.com

CUSHMAN & WAKEFIELD
MASSEY KNAKAL

**COURT-ORDERED
AUCTION
FEB 4TH, 2015**

139-141 ORCHARD STREET
LOWER EAST SIDE,
MANHATTAN

Partially complete
hotel development.

16-story hotel originally
envisioned as a 96-key
boutique development,
with significant food &
beverage operations.

Bid packages must be
submitted no later than
January 30th at 12:00pm.

To receive additional
details, please contact:

Matt Nickerson

212-660-7742

matt.nickerson@
cushwake.com



**CUSHMAN &
WAKEFIELD**



EXHIBIT C

January 30, 2015



Ben Zhavian
Via Email: dabgroupplc@yahoo.com

Property Address: 139-441 Orchard Street
New York, NY

Stats	
Marketing Start Date:	11/3/2014
Weeks of Marketing:	12
Executed CA's	92
Tours of Property:	17
Loopnet Hits:	12,521
MKRS Website Hits:	564
Marketing Dates	
Initial: Submit Offers	

Marketing Steps in Date
- Personalized email blast - 10.28.14 to 478 People
- PR - exclusive with Crain's 11.3.14
- Posted on LoopNet 11.3
- Posted on MKRS 11.3
- Direct Investor blast to 6,000+ 11.4.14
- Direct Broker blast to 10,000+ 11.6.14
- Neighborhood Calls, ongoing
- Most active Developer calls, ongoing
- Direct email and hand mail notice of auction to all CA list 12.6
- Direct email Investor and Brokers approx 15,000+ 12.6
- Notice of auction in Wall Street Journal, The Real Deal, Crains & New York times, scheduled to run week of 12.12.
- Calls to all CA's and other prospects who have expressed interest.

Print & Digital Advertising Post Stalking Horse:
 - New York Times: Print & Digital, Jan 16th, 18th and 21st
 - Wall Street Journal: Print & Digital, Jan 18th and 21st
 - Additional Press Release to NY Daily News, which was also picked up by The Real Deal, Jan 13th

Tours

#	Name	Company	Broker	Comments
1)	Alex Chebshalom			Alex is a local hotel investor, he was concerned with the status of the existing concrete super structure.
2)	Ben Shaul	Magnum Real Estate Group		Ben is a very active NYC developer, owner, and investor.
3)	Jeff Bennett	R & B Development		Jeff was relatively quiet throughout the tour, asking questions regarding the overall process and expectations on pricing
4)	Jason Huang/Michael Pomeranc	Sixty Hotel Group		Michael Pomeranc toured with Jason Huang of Sixty Hotels. They have hotel development/management experience but need to learn up on the area before moving forward.
5)	Eran Nomberg	Anam Equity		Eran Nomberg and his group, Hampshire Hotels, recently acquired 560 7th Avenue from MK. They developed the Dream Hotel as well as The Chateau (among many), and they have toured the property a number of times in the past. They love the location/height and want to discuss numbers.
6)	Meir Milgraum	Lightstone Group		Meir came with three of his colleagues. They like the location but believe the rooms are too small and will need to reconfigure the layout. In turn, they believe a lot of work needs to be done and they will not be competitive.
7)	Jim Luchari	Stonebridge Co's		Stonebridge is currently developing 3 hotels in Manhattan, they typically work with Marriott who toured after. They cannot compete north of 53rd.
8)		Marriott Hotels		Marriott has a new brand, similar to the ACE hotel they are looking to bring out.
9)	Mark Harounian	Jam Realty		Mark is an active investor, primarily in multifamily. He would look to convert the Hotel to extended stay or maybe a variance for full residential.
10)	Sam Alison-Mayne	Tankhouse		Sam was concerned about the overall size of the rooms and their ability to drive ADR.
11)	Will Obeid	Arcade Capital		Will toured with his equity investors.
12)	Will Obeid	Arcade Capital		Comments Pending
13)	Arnon Hazazi	Blumrock Prop		We don't have much info on Arnon, other than he supposedly owns a few select service hotels in the NYC Metro area. He seemed concerned over the amount of work needed to complete the hotel.
14)	Will Obeid	Arcade Capital		Came through with Robert Marcus and David Rosen.
15)	Rapal Alp and Kozbek Kadir		Alan Cohen	Alan's clients are buyers from Istanbul.

16.)	Michael Zeylikman	Domain Properties	Michael represents a foreign hotel group, they toured with quite a few investors.
17.)	Pinky Vaid	Fan Wt	Pinky owns a hotel in Midtown, he likes the project, but was very skeptical of the asking price. He felt there was an additional \$15-\$16 million needed.

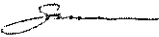
Executed CAs

#	Name
1.)	Todd M. Lippitt/Aristone Capital Partners
2.)	Samuel Eshaghoff/GPB Capital
3.)	Michael Paster/RKF
4.)	Mordechai Getz/Transition Acquisitions
5.)	Steven Jacobson
6.)	Scott Sabbagh/Matrix Real Estate Advisors, LLC
7.)	Michael Stern/JDS Development Group
8.)	Will Obeid/Arcade Capital
9.)	Deborah A. Schwartz
10.)	Sam Alison-Mayne/Tankhouse Development
11.)	George Stergiopoulos/Kenilworth Capital Advisors
12.)	Luca Buratto/Vivaldi Real Estate
13.)	Constantine S. Dimas/Loews Hotels
14.)	Meir Mitzbaum/Lightstone Group
15.)	Paul Stallings/Hotel on Rivington
16.)	Robert Kohn
17.)	Greg Baldwin/Albanese Organization
18.)	David Huke/Soho Properties
19.)	Chris Losco/Hampton Hotel Group
20.)	Matt Lane/The Lane Organization
21.)	Core Elbaum/Thor Equities
22.)	Steven Bahar
23.)	Conor Osborne/NYZ Partners
24.)	Brandon Eisenman/RKF
25.)	Alex Shalom/Empire Management
26.)	Sam Spetstein/Liv Dev Co
27.)	Joseph Yi/Lan Group
28.)	Michael Shvo/SHVO
29.)	David Blumenfeld/Blumenfeld Development
30.)	Harold Sherr/Sherr Equities
31.)	Harry Kotowitz/HK Organization
32.)	David Rothenberg/Tishman
33.)	Mitch (Ivan Michel) Wastelain/Vanguardia Partners
34.)	Angel Redondo/Ferrado
35.)	Cary Tamarkin/Tamarkin Co
36.)	Jonathan Marrate/Fortuna Realty Group
37.)	Jason Hsiang/Sixty Collective, LLC
38.)	Dan Harrington/Brantwood Capital Partners
39.)	Richard Born/BD Hotels
40.)	George Pantelidis/Fan Brothers Associates
41.)	Justin Pehinger/GFI Realty Services
42.)	Rita M. Jones/Crescent Heights

43.)	Justin Martin/Urban Muse
44.)	Ramin Josh Zakarya/Empire State Commercial Properties
45.)	Philip Watkins/Metpath Capital Management
46.)	Greg Manocherian/Roe Co
47.)	Chris Miculis/Structure Tone Equities
48.)	Scott McChesney/Stonbridge Companies
49.)	Ben Shaoul/Magnum Management
50.)	Walter Geiler/Hightate Holdings
51.)	Fredric Leopold/Northstar Properties
52.)	Taylor Callahan/OTO Development
53.)	Robert Lobel/Bellrock Development
54.)	Kaunieva Chitnis/MCR Development LLC
55.)	Robert Skolnick/Ceruzzi Properties
56.)	Michael Shah/Delshah Capital
57.)	Nathan Franco/HAP Investments
58.)	Juan Figueroa/Bullwhip Management
59.)	Drew Popkin/Naftali Group
60.)	David Moisan/Moin Development
61.)	Leigh Searl/The Nassimi Group
62.)	Robert Kaliner/Ascend Group
63.)	Joel I. Berler/Realty Center Associates Inc.
64.)	Aaron Fouladian/SAF Developers LLC
65.)	Pelle Hamberger/Atum Equiv
66.)	Haim Yagen/Domain Properties
67.)	Gur Saban/Cohen Real Estate
68.)	Frank Ng/Golden Fortune Corp
69.)	Ravun Dave/Skyview Capital
70.)	Merin Negrin/Lexin Capital
71.)	Ameeet B. Amin/Joss Realty Partners
72.)	Mark Lapidus/WeWork
73.)	Robert Bagdadi/Apollo Builders, LLC
74.)	Steven Figari/SLATE Property Group
75.)	James Pantehidis/Pao Brothers Associates
76.)	Anthony Lee/Eastone Capital LLC
77.)	Erik Warner/Eagle Point Hotel Partners
78.)	Loren Berkley/Lodging Capital Partners LLC
79.)	Alan S. Cohen/ABS Partners Real Estate
80.)	Steve Hackel/Windward RE
81.)	Thomas Kjosinski/Corigin Real Estate Group
82.)	Eli Liberman/Sel Capital LLC
83.)	June Chin/Corcoran
84.)	Bex Hakuman/Hakuman Organization
85.)	Zoe Martineau/United Realty
86.)	Isha Shah/Fantasia World Inc.
87.)	Robert P. Sharestein/RPS Equities
88.)	Jerry Choe/Nentecore

89.)	Andrew Conner/Dash Group LLC
90.)	Sean Ludwik
91.)	John Woo/Colliers
92.)	Rebecca Fucci/BSD Equities

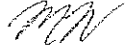
Best Regards,



James Nelson
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First Vice President
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www.masscyknakal.com

THE BRONX BROOKLYN MANHATTAN NASSAU NEW JERSEY QUEENS STATEN ISLAND WESTCHESTER

Call Log		
Subject	Name/Company	Notes
Con	Michael Saadine/Northwood Investors	Given time frame, difficult, but wants to see setup.
Con	Steve Hackel/Windward RE	
Con	Nick Donovan, Esq./Donovan LLP	Attorney for Serge Hoyda, looking to bid at auction.
Con	Eli Liberman/Set Capital LLC	Most likely Pass
Con	Robert P. Sharestein/RPS Equities	Reviewing, most likely a pass.
Con	Greg Kalish/Adell Corporation	
Con	Adi Janiwala/Bridgeton Holdings	Pass due to pricing, interested in the 20's
Con	Sean Ludwick	Pass but will look at the book on Orchard. Sent him two sites in Brooklyn.
Con	Alex Shalom/Empire Management	Interested, may bid
Con	Veronica Hackett/Clairet Group	will review
Con	Jerry Choe/Xenecore	bidding
Con	Yoav Haron/Artimus Construction	Pass...doesn't think he can compete on it. 50k+ - SF citywide.
Con	Amon Harazi/Blue Rock Properties	Pass
Con	Rodrigo Real/Battore Capital Management LLC	Closed on 5 bookman, 125 Greenwich, 610 Lex. Lender/Equity.
Con	Ted Nir/National Investment Realty, LLC	Pass
Con	Paul Patel/KP Hospitality	# not in service
Con	Anthony Lee/Eastone Capital LLC	looking at it.
Con	Thomas Kiosinski/Corigin Real Estate Group	Reviewing, most likely a pass.
Con	Jack Heaney/Fulcrum Properties, LLC	Not interested.
Con	Louis Greco/SDS Brooklyn	Building hotel near barclay center by Marriott. Pass on 139 Orchard
Con	Eric Granowsky/ESG Kullen	Will look at these
Con	Jane Goli/Continental Ventures	Will look at but needs to focus on other things.
Con	Roberto Fata/Fata Organization	pass
Con	Samuel Eshaghoff/GPB Capital	Pass due to pricing
Con	Eran Elhanani/Esquared Realty	Pass on 139, sent N3rd
Con	Zach Berger/Highgate Holdings	Pass due to pricing
Con	Juliet Sea Chen/Anbau Enterprises	Pass orchard and north 3rd too small
Con	Roger Bittenbender/KUB Capital	Pass
Con	Charles Birnbaum/Alefer Real Estate Partners	Interested in 885 and N3rd, sent pass orchard
Con	Jack Boyda	Pass due to pricing.
Con	Ed Beason/EBBW	Pass on orchard, interested in north 3rd.
Con	Lenny Bayer/Goodstein Development Corp.	Pass
Con	Liron Alinotz/ANA Real Estate	pretty sure he is a broker, pass
Con	David Rothenberg/Tishman	Pass
Con	Scott McChesney/Stonebridge Companies	Pass due to pricing.
Con	Roberto Fata/Fata Organization	Spoke to Henry. Not interested in East Shore. Will look at Orchard.
Con	Scott Sabbagh/Malix Real Estate Advisors, LLC	Pass due to pricing guidance
Con	Harold Sherr/Sherr Equities	Pass due to pricing
Con	Meir Milgram/Lightstone Group	Loves the property, very familiar with it, cannot compete at 34M+
Con	Ramin Jash Zakarya/Empire State Commercial Prepe	Will relay to his client
Con	Justin Martin/Urban Muse	Looking at it, not overly focused
Con	Justin Polinger/GFI Realty Services	They are in the mid 20's.
Con	Cary Tamarkin/Tamarkin Co.	
Con	Jonathan Marale/Fortuna Realty Group	interested
Con	Harry Kotowitz/HK Organization	email package
Con	Haim Yagen/Domain Properties	scheduled to tour
Con	Joseph Yi/Lam Group	looking at it, will consider.
Con	Chris Lesco/Hampton Hotel Group	Pass, cannot compete north of 31M
Con	David Huke/Soho Properties	Cannot compete north of \$30M.
Con	Steven Jacobson	Conversation, client can't compete north of that price.
Con	Samuel Eshaghoff/GPB Capital	Doesn't remember the deal, emailed it again.
Con	Guy Saban/Cohen Real Estate	Updated, client most likely a pass
Con	Steve Barthel/Fedgate	
Con	Daniel Hollander/DHA Capital LLC	Will look at Pacific again. Probably a pass on Orchard.
Con	Nicholas Silvers/Tavros Capital	No to 285 w 12th and 99 7th Ave (not enough scale)
Con	Roberto Fata/Fata Organization	S/w Henry. Asked me to email it over. Henry@fata.com
Con	Philip B. Murphy/Long Wharf Real Estate Partners	
Con	Cathy Resnick/Mast Acquisitions LLC	
Con	Cary Tamarkin/Tamarkin Co.	Pass. Really looking for 30k BSF - Definitely interested in 139 Orchard
Con	Michael Stern/JDS Development Group	Interested maybe at \$33 but needs the Rivington F&B
Con	Scott Shnay/SK Development	Probably pass on this.
Con	Albert R. Picallo/Synapse Capital	Will consider but probably too expensive.
Con	Kasra Sanandaji/Apex Investments	Ran Stellar Management acquisitions, with them for 4 years w/ Larry Gluck
Con	Richard Born/BD Hotels	Pass
Con	Richard Born/BD Hotels	Pass on Orchard, Pacific, and St.
Con	Robert Kohn/The Daniel Group	Wants to take a look.
Con	Justin Martin/Urban Muse	Reviewing
Con	Dan Hittington/Brantwood Capital Partners	363, interested. very.
Con	Conor Osborne/KYZ Partners	
Con	David Huke/Soho Properties	reviewing
Con	Chris Micules/Structure Tone Equities	
Con	Art Heckman/Ash NYC	
Con	David Huke/Soho Properties	Interested, knows site well. Sent the CA for his review.
Con	Will Obeid/Arcade Capital	wants to tour
Con	Scott McChesney/Stonebridge Companies	
Con	Jeffrey Baltzer/Magna Hospitality Group	Interested.
LM	Anthony Lee/Eastone Capital LLC	
LM	Jerry Choe/Xenecore	
LM	Alex Shalom/Empire Management	
LM	John Woo/Colliers	
LM	Andrew Comer/Dash Group LLC	
LM	Eran Normberg/Atom Equity	
LM	Shelly Listokin/Urban Realty Partners, LLC	
LM	Todd M. Lippitt/Aristone Capital Partners	
LM	Mordy Uplis/The Shushana Company	
LM	Edmond Li/Veracity Development	
LM	Noah Leonard/Macklowe Organization	

LM Jeffrey Lam/Lam Generation
LM Atit Jariwala/Bridgeton Holdings
LM Kenneth Horn/Alchemy Properties
LM Eddie Hiday/Hidreck Realty, Inc.
LM Chip Weiss/Fintlock Construction Services
LM Emkeena Pedigo
LM Mehul Patel
LM Etienne Paris/DeCoene Holdings, LLC
LM George Stergiopoulos/Kenilworth Capital Advisors
LM Sam Allison-Mayne/Tankhouse Development
LM Joe Levine/United Realty Advisors
LM Steve Hackel/Windward RE
LM Loren Benley/Lodging Capital Partners LLC
LM Alan S. Cohen/ABS Partners Real Estate
LM Jeffrey Harmatz/OTL
LM Ben Harlev/Arava Group
LM Yoav Haim/Artimus Construction
LM Jonathan Grzyb/Corigin Real Estate Group
LM Jason Hsiang/Sixty Collective, LLC
LM Chance Gordy/Real Estate Inverlad
LM William Giopelli/Delishah Capital Pass on 139 and pass on 285 W 12th Street.
LM Mitch Garrett/VOS Hospitality
LM Kevin Gao/Kano Real Estate
LM David Godbout/Junkus Real Estate Partners
LM Jeff Gerstner/Gerstner Company
LM Jane Gladstein/Gladstein Development Group, LLC
LM Ahron Freilich/DM Capital
LM William Fegan/TriBeach Holdings
LM Chad Cooley/August Group NYC
LM Jordan Cohen/AD Real Estate Investors
LM John Glafone Left message secretary
LM Kourtneya Chinnis/MCR Development LLC
LM Charles J. Bordonaro/AWH Partners
LM David Blumenfeld/Blumenfeld Development
LM Andrew T. Berkowitz/Vandewater Capital Holdings
LM Joel Bergstein/Lincoln Equities Group
LM Zach Berger/Highgate Holdings
LM Victor Allonso/Greenwich Realty Holdings
LM Aaron Fouladian/SAF Developers LLC
LM Leigh Scott/The Nassimi Group
LM Joel I. Beeler/Realty Center Associates Inc.
LM Juan Figueroa/Bullwhip Management

LM Steven Bahar/Stemar Development
LM Anthony Lee/Eastone Capital LLC
LM Pelle Hamburger/Atom Equity
LM Ian Davis/Lodging Capital Partners LLC
LM Ramin Josh Zakarya/Empire State Commercial Properties
LM Angel Redondo/Ferrado Vm not set up, will try again.
LM Dan Harrington/Brantwood Capital Partners
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LM David Rothenberg/Tishman
LM Blake Nucci/Tishman Speyer
LM Harold Sherr/Sherr Equities
LM Joseph Yilam Group
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LM Meir Milgram/Lightstone Group
LM Constantine S. Dimas/Loews Hotels
LM Luca Burato/Vivaldi Real Estate
LM George Stergiopoulos/Kenilworth Capital Advisors Could not connect, no VM
LM Deborah A. Schwartz
LM Scott Sabbaght/Matrix Real Estate Advisors, LLC
LM Mordechai Getz/Transition Acquisitions Left message secretary.
LM Michael Paster/RKF
LM Todd M. Lippitt/Anistone Capital Partners Left message w/secretary
LM Haim Yagen/Domain Properties
LM Jeffrey Baitzer/Magna Hospitality Group
LM Asher Toporovsky/Toporovsky & Sons Realty Corp.
LM Nicholas Silvers/Tavos Capital
LM Jared Siegel/Squire Investments LLC
LM David Huke/SoHo Properties
LM Scott Sabbaght/Matrix Real Estate Advisors, LLC
LM Charles Morisi/Spitzer Enterprises
LM Bradford Klatt/Roseland Property Company
LM Christopher J. King/Ridge Road Properties LLC Him and his brother doing all types of things all over the place. Opportunistic buyers.
LM Teddy Schitt/Arel Capital
LM Joel I. Beeler/Realty Center Associates Inc.
LM Elly Flippen
LM Willy Geiler/Highgate Holdings
LM Justin Peltzinger/GFI Realty Services
LM Harry Kolowitz/HK Organization

LM Harold Sherr/Sherr Equities
LM David Blumenfeld/Blumenfeld Development
LM Steven Bahar/Stemar Development
LM Michael S. Wahba/United Equity Investments
LM Raymond Chalme/Broad Street Development
VM Thomas Bencivengo/Synapse Capital
VM Steve Barthele/Redgate
VM Robert Bagdad/Apollo Builders, LLC
VM Michael Shah/Delstan Capital
VM Jason Levine
VM Scott McChesney/Stonetrbridge Companies